

No. 15,630

IN THE

United States Court of Appeals
For the Ninth Circuit

AMERICAN PIPE AND CONSTRUCTION Co., a
corporation,

Appellant,

vs.

SPENCER A. EARNSHAW,

Appellee.

BRIEF ON BEHALF OF APPELLANT
AMERICAN PIPE AND CONSTRUCTION CO.

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Subject Index

	Page
Statement of the pleadings and jurisdiction	1
The parties	3
Concise statement of the case	3
Assignment of errors	12
Argument	13
1. The issues raised by the counterclaim are justiciable and the controversy between the parties did not come to an end on the dismissal of the complaint since the dispute went beyond the bare case for royalties under the license agreement	13
2. There can be no infringement of Earnshaw's patents under the facts as found by the District Court	16
3. The findings of fact of the District Court clearly dem- onstrate invalidity of Claims 6, 7, 13 and 14 of Patent No. 2,639,943	20
4. Courts of appeal always have the power to correct or reform a judgment	26
Conclusion	27

Table of Authorities Cited

Cases	Pages
Altvater, et al. v. Freeman, et al., 63 S. Ct. 1115 (1943), 319 U.S. 359	16, 26
Bernard H. Stauffer v. Slenderella Systems of California, Inc., C.A. 9 No. 15,418 (unreported)	25
Brunswick-Balke-Collender Co. v. American Bowling & Billiard Corporation, 150 F. 2d 69 (C.A. 2, 1945)	16
Casco v. Sinko, 116 F. 2d 119 (C.A. 7, 1940), certiorari denied 312 U.S. 713	19
Container Corporation of America v. M.C.S. Corporation, C.A. 9 No. 15,433 (unreported)	25
Curtis Companies, Inc. v. Master Metal Strip Service, Inc., 125 F. 2d 690 (C.A. 7, 1942)	22
Dalton Adding Mach. Co. v. Rockford Milling Mach. Co., 267 F. 422 (C.A. 7, 1920)	19
Densmore v. Scofield (1880), 102 U.S. 375	27
Electrical Fittings Corporation, et al. v. Thomas & Betts Co., et al. (1939), 59 S. Ct. 860, 307 U.S. 241, 83 L. Ed. 1268	26
Exhibit Supply Co. v. Ace Patents Corporation (1942), 62 S. Ct. 513, 315 U.S. 126	27
Galion v. Beckwith, 105 F. 2d 941 (C.A. 3, 1939)	19
Harry X. Bergman, et al. v. Aluminum Lock Shingle Corporation of America, C.A. 9 No. 15,589 (unreported)	25
Hill, et al. v. Wooster (1890), 10 S. Ct. 228, 132 U.S. 693 ..	27
In re McEwen's Laundry, Inc. (6 Cir. 1937), 90 F. 2d 872	15
Kalo Inoculent Co. v. Funk Bros. Seed Co., 161 F. 2d 981 (C.A. 7, 1947)	16
Keszthelyi v. Doheny Stone Drill Co., et al., 59 F. 2d 3 ...	24
Klein v. City of Seattle, 77 F. 200	24
Mercoid Corporation v. Mid-Continent Inv. Co. (1943), 64 S. Ct. 268, 320 U.S. 661, 88 L. Ed. 376	26
Montgomery Ward & Co. v. Duncan (1940), 61 S. Ct. 189, 311 U.S. 243, 85 L. Ed. 147	26

TABLE OF AUTHORITIES CITED

iii

	Page
Oliver-Sherwood Co., et al. v. Patterson-Ballagh Corporation, et al., 95 F. 2d 70	23
Reynolds v. Stockton (1891), 140 U.S. 254, 35 L. Ed. 464, 11 S. Ct. 773	16
T. L. Smith Co. v. Cement Tile Machinery Co., 257 F. 423 (C.A. 8, 1919)	19
Thompson v. Boisselier, 114 U.S. 1, 5 S. Ct. 1042	19
Trott, et al. v. Cullen, et al. (C.A. 10, 1936), 86 F. 2d 141	27
United Carbon Co. v. Binney & Smith Co. (1942), 63 S. Ct. 165, 317 U.S. 228	27
Welch v. Grindle, C.A. 9 No. 15,540 (unreported)	25

Codes

28 U.S.C.:	
Section 1291	3
Section 1332	2
Section 1338	2
Section 2201	2
35 U.S.C.:	
Section 102	21
Section 102, subdivision (g)	22

Texts

Daniell's Chancery Practice, pp. 330, 331, 990	15
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**BRIEF ON BEHALF OF APPELLANT
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**STATEMENT OF THE PLEADINGS
AND JURISDICTION.**

This action was commenced in the Superior Court in and for the County of Los Angeles, State of California, by the filing of a Complaint (R. 6) for \$125,000.00 alleged to be due appellee, Spencer A. Earnshaw¹ by appellant, American Pipe and Construction Co.² under the terms of a patent license agreement (Exhibit A to Complaint at R. 11). Earnshaw is a citizen and resident of the State of California and American is a corporation organized and existing under and by virtue of the laws of the State

¹Appellee is hereinafter designated as "Earnshaw".

²Appellant is hereinafter designated as "American".

of Delaware. (R. 61.) The action was removed to the United States District Court for the Southern District of California, Central Division, all in accordance with law. (Petition for Removal R. 3; Notice R. 17; Bond on Removal R. 18.)

The United States District Court had jurisdiction under Title 28, § 1332 U.S.C.³ The trial issues were framed by the Complaint and Defendant's First Amended Answer and Defendant's First Amended Counterclaim. (R. 35.) The Counterclaim sought a judgment declaring, among other things, that American had not infringed any of the patents owned by Earnshaw, and that such patents were invalid. The District Court had jurisdiction of the cause of action set out in the Counterclaim by virtue of Title 28, § 1338 U.S.C.⁴ and Title 28, § 2201 U.S.C.⁵ A final Judgment (R. 66) was entered April 22, 1957, and this appeal

³Title 28, § 1332 U.S.C.

"Diversity of citizenship; amount in controversy

(a) The district courts shall have original jurisdiction of all civil actions where the matter in controversy exceeds the sum or value of \$3,000 exclusive of interest and costs, and is between:

(1) Citizens of different States:"

⁴Title 28, § 1338 U.S.C.

"Patents, copyrights, trade-marks, and unfair competition

(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases."

⁵Title 28, § 2201 U.S.C.

"Creation of remedy

In a case of actual controversy within its jurisdiction, except with respect to Federal taxes, any court of the United States and the District Court for the Territory of Alaska, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be

was filed within thirty (30) days thereafter (R. 72). Jurisdiction is conferred on this Court by Title 28, § 1291 U.S.C.⁶

THE PARTIES.

The appellant, American Pipe and Construction Co., is a corporation of Delaware and has a place of business at South Gate, County of Los Angeles, State of California, with plants in several other states.

The appellee, Spencer A. Earnshaw, is an individual and is a resident of the County of Los Angeles, State of California, and is the patentee and owner of the four patents involved in this action.

CONCISE STATEMENT OF THE CASE.

Long prior to February 8, 1944, American had manufactured (under license from Lock Joint Pipe Company's Brend patent No. 2,380,499, Exhibit "B", R. 279) and was commercially using at its plant in South Gate, California, a machine for applying a cement mortar coating to the

sought. Any such declaration shall have the force and effect of a final judgment or decree and shall be reviewable as such. As amended August 28, 1954, c. 1033, 68 Stat. 890."

⁶Title 28, § 1291 U.S.C.

"Final decisions of district courts

The courts of appeals shall have jurisdiction of appeals from all final decisions of the district courts of the United States, the District Court for the Territory of Alaska, the United States District Court for the District of the Canal Zone, the District Court of Guam, and the District Court of the Virgin Islands, except where a direct review may be had in the Supreme Court. As amended Oct. 31, 1951, c. 655, § 48, 65 Stat. 726."

exterior of steel pipe. This machine is of the double brush type known as the "Brend" machine and is the same in construction and mode of operation as the machine illustrated and described in the Brend United States Patent No. 2,380,499, issued July 14, 1945.⁷ (Defendant's Exhibit "B", R. 279.) Also prior to February 8, 1944, Earnshaw had obtained a United States Patent No. 2,168,329, issued August 8, 1939 (R. 245), on a wall plastering machine of the belt type and was attempting to interest American in building such a machine to coat pipe. At that time American showed Earnshaw its "Brend" machine⁸ in operation. On February 8, 1944, American, believing that Earnshaw's patented machine might have merit, entered into an agreement with Earnshaw (Exhibit A to the Complaint at R. 11), which granted American a license under Earnshaw's patent identified above.⁹

American never built the patented Earnshaw machine because it later determined that such a machine was impractical. (R. 204.) However, American continued to pay to Earnshaw the minimum royalty specified in the license agreement to the end of the term of Earnshaw's patent No. 2,168,329, which expired on August 7, 1956.

The "Brend" machine employed two counter rotating brushes having stiff wire bristles as the means of spraying concrete on to the exterior of pipe (see Fig. 2 of the drawings of the "Brend" machine at R. 281). The periphery of these brushes was subjected to abrasion by the fluid concrete sprayed by them and they had to be re-

⁷Finding of Fact No. 4, R. 61.

⁸Finding of Fact No. 5, R. 62.

⁹Finding of Fact No. 3, R. 61.

placed with new brushes from time to time. In an endeavor to increase the length of life of the brushes, Lock Joint Pipe Company, of East Orange, New Jersey (owner of the Brend patent), substituted brushes having grooved or ribbed rubber peripheries for the wire brushes,¹⁰ and informed American of that fact prior to the year 1948.¹¹ Prior to April 1948, American made rubber brushes for its "Brend" machine¹² and commenced using them commercially.

American believed that the rubber brushes would outwear the wire brushes, but later discovered that this was not the fact. (Butler Test. R. 148.) In fact, in its Los Angeles plant, American used one machine exclusively fitted with wire brushes and one fitted with rubber brushes. In its Portland plant is used only wire brushes, and in its other plants some machines had rubber brushes and some wire brushes. There is absolutely no change in the operation of the "Brend" machine, whether rubber or wire brushes are used, and the results in coating pipe are identical. (Butler Test. R. 164.)

Without any knowledge on the part of American and some two years after Lock Joint Pipe Company had used rubber brushes on the "Brend" machine and American had knowledge thereof, and after American had itself used rubber brushes in its "Brend" machine, Earnshaw applied, on April 30, 1948, for a patent disclosing rubber covered rollers in a belt type (as distinguished from a brush type) machine, and that patent issued on May 26,

¹⁰Findings of Fact No. 7 and No. 8, R. 62.

¹¹Finding of Fact No. 9, R. 63.

¹²Finding of Fact No. 10, R. 63.

1953 as No. 2,639,943. Earnshaw also applied for and obtained patents No. 2,639,942, dated May 26, 1953, and No. 2,681,725 on June 22, 1954, both on so-called belt types of wall plastering machines.

Some time after he applied for those patents, and again after those patents issued, Earnshaw demanded royalties from American on the "Brend" machine because of the use of the rubber brushes in lieu of the wire brushes. These demands were consistently refused. This suit was then commenced by filing a Complaint in the Superior Court for royalties due under the license agreement. On the grounds of diversity of citizenship and that the amount demanded (\$125,000.00) was in excess of \$3,000.00, American had the case removed to the United States District Court for the Southern District of California, Central Division, and filed its answer. (R. 20.) Because of the allegation of Paragraph VIII (R. 9) of the Complaint, which reads in part as follows:

"* * * although plaintiff is informed and believes and therefore alleges that said defendant has continuously coated and/or lined and applied to the inside or outside of pipe of material manufactured by defendant and its subsidiaries and/or assigns, and is still coating and lining same by using the methods and process covered by plaintiff's patents. * * *"

(which is a charge tantamount to a charge of infringement of Earnshaw's subsequent patents), American, to avoid a multiplicity of suits, filed an amended Counterclaim (R. 35) alleging that a justiciable and actual controversy existed between it and Earnshaw as to whether the acts of American came within the scope of Earn-

shaw's patents and infringed the same, and thus raised the issues of the validity of Earnshaw's patents and whether the same had been infringed by American. Earnshaw answered the amended counterclaim (R. 51 and the case proceeded to trial on the issues raised by the Complaint (R. 6) and amended Answer (R. 35) and the amended Counterclaim (R. 44) and Answer to First Amended Counterclaim (R. 51).

The District Court found as fact¹³ that the substitution of rubber brushes for wire bristle brushes in the "Brend" machine did not originate with Earnshaw but with Lock Joint Pipe Company. The District Court also found as a fact¹⁴ that American had not used in its operations any novel features brought to the art in any of Earnshaw's three subsequent patents Nos. 2,639,943, 2,639,942 and 2,681,725 and, therefore, Earnshaw was not entitled to any royalties from American under the license agreement between them.

However, the District Court dismissed the Counterclaim upon the basis that American failed to sustain the burden of proving Earnshaw's patents Nos. 2,639,942, 2,639,943 and 2,681,725 invalid, and failed or refused to find, conclude and adjudge that American's acts were not acts in infringement of Earnshaw's three patents Nos. 2,639,942, 2,639,943 and 2,681,725, so that such issue raised by the Counterclaim (Par. XIII, R. 47) and answer thereto (Par. VI, R. 52) would be *res judicata*. Earnshaw moved (R. 68) to amend the findings upon the basis that Find-

¹³Finding of fact No. 12, R. 63.

¹⁴Finding of fact No. 14, R. 64.

ing No. 14 (R. 64) was tantamount to a finding of non-infringement. The following portion of the discussion at the hearing of the motion to amend Finding No. 14, appearing at R. 237, 238, 239, 240, clearly discloses that the District Judge definitely wished to refrain from deciding the issue of infringement.

“Mr. Wright. Yes, your Honor, but that is in effect in a way, as I still construe it, a statement that there had been no infringement of any of these three patents.

The Court. Oh, no.

Mr. Wright. That is the way it appears to me.

The Court. This is not as to infringement, ‘so as to entitle him to royalty under the same.’ I think that really should go in there.

Mr. Wright. That is all right.

* * * * *

Mr. Wright. Now, your Honor, when I approved the findings as to form on reading them, I did not see the import of this paragraph, that it was a statement that would perhaps be decisive on the question of infringement. But after having it called to my attention, also by someone else that Mr. Earnshaw went to, that it might bar an infringement action if anyone wanted to bring an infringement action, I felt it my duty to straighten this out, and I feel it is——

The Court. Let’s hear from Mr. Mellin. I am quite certain that he does not want a judgment beyond what I gave him, and that he does not want to catch me or you in an embarrassing position of deciding something I did not intend to decide, and thereby bind your client. But let us see what he says.

Mr. Wright. May I say this, first. I (they) filed an affidavit by the President of the American Pipe and

Construction Co. stating that it was his information or his position that this settled the infringement. You will find it on page—— (insert ours).

Mr. Mellin. If the court please,——

The Court. Just a minute.

Mr. Mellin. Pardon me.

Mr. Wright. ——page 2, line 26 of that affidavit, so it is the position of the president, anyway, that that is settled by that finding, I suppose.

The Court. Just a minute. Let me look at it.

Mr. Wright. This is from line 26 on, lines 26, 27, 28 and 29 of page 2.

The Court. His statement that the infringement was raised does not dispose of the matter. Let's hear what Mr. Mellin has to say.

* * * * *

The Court. Well, I merely decided you did not use in your operations any of the teachings of the patent, and for that reason they were not entitled to royalties.

Mr. Mellin. That is all that finding is, your Honor.

The Court. But I do not want to make this res judicata in any other lawsuit relating to any other matter.

In order to make it certain, I am going to put a comma after that, and put in the words, 'that the defendant has not used any, and that for that reason it is not subject to royalties under said patents.'

I think I will put that in. Of course, that ties it to the other, but because it has opened an argument, I do not desire to go beyond that. I think the conclusions of law should be read together.

Let us agree upon the language. I think you are entitled to a finding that you did not use it. I think, however, to avoid any questions, although I think that paragraph 3 of the conclusions of law takes

care of it, I think we ought to put a semicolon after '2,681,725,' and add this:

'and is, therefore, not liable to plaintiff for royalties for such use.'

* * * * *

The Court. No, they are entitled to this, because they are entitled also to a finding that they did not use it. You see, I want to work both ways. I want to protect them as far as their judgment is concerned, and protect you, too, and I have said specifically in the memorandum that the improvements they used are not yours.

You might go into another district and bring another suit. You know the system of going to another state even, or going to the Northern District, where Mr. Mellin resides, and this would not be *res judicata* on infringement, but it would be *res judicata* on use."

Just prior to that hearing, the President of American was informed by an emissary of Earnshaw that the instant case was probably not the end of litigation on the same matter and that the further litigation in the form of infringement litigation would seemingly be instituted, and the District Court was so informed by affidavit at R. 70, particularly the following at R. 71 and R. 72:

"5. On said occasion at my home said Jamieson¹⁵ further stated to me that it was his opinion that if

¹⁵Jamieson stated his capacity as follows (R. 70):

"3. On said occasion said Jamieson stated to me that Spencer H. Earnshaw, the plaintiff in the above entitled action, had recently come to him and had requested that he accept the employment of representing said Earnshaw in an appeal from the judgment entered in the above entitled cause."

Earnshaw had any case at all against American Pipe and Construction Co. arising out of the patents involved in the within action, it was an action for infringement of said patents; that in his opinion the within action should have been brought for infringement rather than for royalties under the license agreement; and that American Pipe and Construction Co. should resurvey its position with respect to infringement of Earnshaw's said patents. * * *

6. Said Jamieson then and there stated to me that Earnshaw was trying to find an attorney to represent him, but that he, Jamieson, would not represent Earnshaw until the judgment herein has become final by lapse of the time to appeal, and that he would then represent Earnshaw only in the event I would state to him that American Pipe and Construction Co. would be interested in disposing of the entire controversy over infringement of Earnshaw's said patents on a settlement basis. Finally, he then and there stated that if he could serve Earnshaw and American Pipe and Construction Co. in arriving at such a settlement, he would be glad to do so."

Despite this indication that further litigation may probably ensue, the District Court still restricted its Findings and Judgment as above indicated so that the issue of infringement of Earnshaw's patents would not be res judicata and a bar to a future infringement suit by Earnshaw against American, resulting in further harassment of and expense to American.

It is the position of American here that it is entitled under the evidence and findings to the relief prayed for in the Counterclaim; to-wit, a judgment declaring:

(a) that the use of rubber brushes in lieu of wire brushes in the "Brend" type of machine does not infringe any of the enumerated Earnshaw patents;

(b) that the claims of Earnshaw's patent No. 2,639,943, purporting to include the prior "Brend" machine fitted with rubber brushes within their scope, are invalid in law.

This appeal is for reformation of the Judgment to the extent indicated.

ASSIGNMENT OF ERRORS.

1. The District Court erred in failing to find claims 6, 7, 13 and 14 of Letters Patent No. 2,639,943 invalid in law.

2. The District Court erred in finding and concluding that American failed to sustain the burden of proving claims 6, 7, 13 and 14 of Letters Patent No. 2,639,943 to be invalid.

3. The District Court erred in failing to find, conclude and adjudge that the "Brend" machine, when equipped with rubber brushes in lieu of wire bristle brushes, did not infringe any of Earnshaw's patents Nos. 2,639,942, 2,639,943 and 2,681,725.

4. The District Court erred in failing to find, conclude and adjudge that appellant, American, committed no acts of infringement of any of the Earnshaw patents.

ARGUMENT.

1. THE ISSUES RAISED BY THE COUNTERCLAIM ARE JUSTICIABLE AND THE CONTROVERSY BETWEEN THE PARTIES DID NOT COME TO AN END ON THE DISMISSAL OF THE COMPLAINT SINCE THE DISPUTE WENT BEYOND THE BARE CASE FOR ROYALTIES UNDER THE LICENSE AGREEMENT.

The Complaint itself establishes that an actual and justiciable controversy existed between the parties as to whether or not the "Brend" machine equipped with rubber brushes in lieu of wire bristle brushes infringes the later Earnshaw patents which are not included in the license. The Complaint at R. 9 alleges:

" * * * and therefore alleges that said defendant has continuously coated and/or lined and applied to the inside or outside of pipe of material manufactured by defendant and its subsidiaries and/or assigns, and is still coating and lining same by using the methods and process covered by plaintiff's patents. * * * "

This is certainly a contention that the American's "Brend" machine equipped with rubber brushes comes within the scope of Earnshaw's later patents, which is merely another way of stating a charge of infringement.

This is certainly sufficient basis for American to seek by way of counterclaim for a declaratory judgment that its acts did not constitute infringement of such patents. The Counterclaim clearly raises the issues of infringement and invalidity by proper pleading. As to infringement, the Counterclaim alleges (R. 46-47):

"XI. That the basis of said demand on the part of counterclaim defendant is that counterclaim defendant allegedly owns three United States patents

identified as Nos. 2,639,942, 2,639,943 and 2,681,725, and charges that said patents were contemplated by said agreement of February 8, 1944 and that counterclaimant, its subsidiaries or assigns, has manufactured, sold or used devices or machines coming within the scope of said patents and is, therefore, obligated under the terms of said agreement to pay to counterclaim defendant royalties thereon in accordance with the agreement of February 8, 1944, and that said agreement endures to the expiration date of the last expiring of said three Letters Patent Nos. 2,639,942, 2,639,943 and 2,681,725.

XII. Counterclaimant alleges that said patents were not contemplated by said agreement of February 8, 1944, and that counterclaimant at no time was a licensee under said patents.

XIII. Counterclaimant alleges that counterclaimant, its subsidiaries or assigns, did not at any time manufacture, use or sell any devices or machines coming within the scope of said Letters Patent Nos. 2,639,942, 2,639,943 and 2,681,725 and has committed no acts of infringement thereof."

The allegations in paragraphs XII and XIII were denied. (R. 52, Par. VI.)

The District Court adjudged (R. 65) as follows:

"5. That the agreement of February 8, 1944 terminated with the expiration of Letters Patent No. 2,168,329."

and in so doing, clearly ruled that the subsequent Earnshaw patents Nos. 2,639,942, 2,639,943 and 2,681,725 were not contemplated by the license agreement of February 8, 1944 and that American was not a licensee under such

patents, because otherwise the license agreement would not have expired and terminated but would have endured until the last expiring of those three patents. Therefore, the pleading (R. 9-10) :

“ * * * and therefore alleges that said defendant has continuously coated and/or lined and applied to the inside or outside of pipe of material manufactured by defendant and its subsidiaries and/or assigns, and is still coating and lining same by using the methods and process covered by plaintiff's patents. * * * ”

stands as a naked charge that American has infringed such patents.

Clearly, this presents a justiciable controversy and the issue is clearly raised in the amended Counterclaim (R. 44) and the answer thereto (R. 51). The Court, in refusing or failing to grant American the relief it prayed for on such issue, failed to grant full relief to American and the controversy between the parties did not come to an end and a multiplicity of suits was not prevented. The fact that the controversy and the litigation is not at an end is amply clear from the fact that after the Judgment was entered, Earnshaw's emissary (a lawyer) intimated that an infringement action was contemplated by Earnshaw against American on these same patents. See the affidavit of Mr. Edwards. (R. 70.)

A successful defendant on part of a controversy has the right to appeal to obtain a complete adjudication of the entire controversy. The controversy is determined by the pleadings (Daniell's Chancery Practice, pp. 330, 331, 990; *In re McEwen's Laundry, Inc.* (6 Cir. 1937), 90 F.

2d 872, 874) and the judgment must be responsive to the pleadings (*Reynolds v. Stockton* (1891), 140 U.S. 254, 35 L. Ed. 464, 469, 11 S. Ct. 773).

See also the following authorities:

Altwater, et al. v. Freeman, et al., 63 S. Ct. 1115 (1943), 319 U.S. 359;

Kalo Inoculant Co. v. Funk Bros. Seed Co., 161 F. 2d 981 (C.A. 7, 1947);

Brunswick-Balke-Collender Co. v. American Bowling & Billiard Corporation, 150 F. 2d 69 (C.A. 2, 1945).

2. THERE CAN BE NO INFRINGEMENT OF EARNSHAW'S PATENTS UNDER THE FACTS AS FOUND BY THE DISTRICT COURT.

The Findings of Fact of the District Court are ample basis for a conclusion and judgment of non-infringement and in fact preclude a conclusion of infringement. We quote the following findings and point to the substantial evidence supporting each finding:

“6. That Defendant, American Pipe and Construction Co., continuously employed said ‘Brend’ machine since prior to February 8, 1944, and has not manufactured, sold or used any machine such as illustrated, described and claimed in Plaintiff’s Patent No. 2,168,329.”

This finding is based on the admission by Earnshaw that he never contended that the “Brend” machine, when it employed wire brushes instead of rubber brushes, came within any of his patents (R. 108):

“Q. And you never made any contention that any royalties were due you on the Brend machine using wire brushes, did you?

A. No, I did not.

Q. Now, the first time that you claimed royalties was when they substituted rubber brushes in the same Brend machine for wire brushes, isn't that a fact?

A. When they substituted rubber rollers for the wire brushes.

Q. And that is the time when you said, 'Now, I patented that and that belongs to me,' is that correct, in substance?

A. That is when I said I had the patent on application, and they were using it, and I wanted to be paid my royalties for it.

Q. In other words, your complaint was that they were using rubber rollers in lieu of wire brushes; isn't that correct?

A. That is right.”

The Court also found and we quote (R. 62):

“7. That during the year 1946 Lock Joint Pipe Company, of New Jersey, at their plant at East Orange, New Jersey, caused to be designed and manufactured brushes for the 'Brend' machine having an outer periphery of rubber, which rubber outer periphery was ribbed longitudinally.

8. That during the year 1946 said Lock Joint Pipe Company installed such rubber brushes in a 'Brend' machine in lieu of wire brushes and successfully coated pipe with such 'Brend' machine so fitted with rubber brushes.

9. That Lock Joint Pipe Company, prior to the year 1948, fully informed Defendant, American Pipe and Construction Co., of its said use of rubber brushes in a 'Brend' machine.”

These findings are based on substantial evidence which was uncontradicted, which evidence being the testimony of Hugh Foster Kennison, commencing at page 173, and was fully substantiated by documentary evidence. This knowledge and use by Lock Joint Pipe Company and the knowledge by American was more than one year prior to the filing date of the applications for any of the three Earnshaw patents Nos. 2,639,942, 2,639,943 and 2,681,725. This same evidence also substantially supports Finding No. 14, which reads as follows (R. 64):

“14. That Defendant, American Pipe and Construction Co., has not used in its operations any novel features brought to the art in any of Plaintiff's three subsequent patents Nos. 2,639,942, 2,639,943 and 2,681,725; and is, therefore, not liable to Plaintiff for royalties for such use.”

From the above, one can arrive at no conclusion other than that American did not commit any acts of infringement of the three Earnshaw patents Nos. 2,639,942, 2,639,943 and 2,681,725, and in that it only employed the “Brend” machine as shown in the Brend patent, it could not have infringed patent No. 2,168,329. In other words, the machine that is charged to infringe the three Earnshaw patents Nos. 2,639,942, 2,639,943 and 2,681,725 was a machine of an early prior patent (Brend No. 2,380,499, issued July 31, 1945, Defendant's Exhibit “B”, R. 279) modified only by substituting rubber brushes for wire bristle brushes, which had been done by Lock Joint Pipe Company more than one year prior to the filing date of the earliest of the three patents Nos. 2,639,942, 2,639,943 and 2,681,725 (R. 257, 267, 273), which was April 30, 1948.

The law is clear that where the accused device follows the prior art, no infringement can be found. Nowhere is the rule more clearly announced than in a recent opinion in *Casco v. Sinko*, 116 F. 2d 119 (C.A. 7, 1940), certiorari denied 312 U.S. 713, where it is said at page 123:

“Defendant’s device is within the lessons of the prior art and does not infringe.”

Additional cases so holding are:

Galion v. Beckwith, 105 F. 2d 941 (C.A. 3, 1939);

Thompson v. Boisselier, 114 U.S. 1, 5 S. Ct. 1042;

T. L. Smith Co. v. Cement Tile Machinery Co.,
257 F. 423 (C.A. 8, 1919);

*Dalton Adding Mach. Co. v. Rockford Milling
Mach. Co.*, 267 F. 422 (C.A. 7, 1920).

Therefore, in view of the Findings of Fact of the Trial Court above set out, all supported by substantial testimony, the Court should have found, concluded and adjudged that the “Brend” machine, even with rubber brushes substituted in lieu of the wire brushes, did not infringe any of the claims of the three Earnshaw patents Nos. 2,639,942, 2,639,943 and 2,681,725, and the Court committed error in failing or refusing to grant the relief prayed for by American in its Counterclaim as to the issue of whether or not American’s acts constituted acts of infringement of Earnshaw’s patents Nos. 2,639,942, 2,639,943 and 2,681,725.

3. THE FINDINGS OF FACT OF THE DISTRICT COURT CLEARLY DEMONSTRATE INVALIDITY OF CLAIMS 6, 7, 13 AND 14 OF PATENT NO. 2,639,943.

The District Court was in error in not concluding that claims 6, 7, 13 and 14 of patent No. 2,639,943 were invalid. We set those claims out here in full:

“6. A machine for applying material of the character set forth, including: a pair of rotary drums having resilient surfaces, mounted to a revoluble frame unit, and means comprising a worm and worm wheel driven by a motor to revolve said frame unit, said drum surfaces adapted to yield to the pressure of material particles which are accelerated by the drums; said yielding effect being due to the resilient action of said drum surfaces that stretches and compresses around material particles forming recess-like pockets, and means to drive said drums.

7. A machine for applying particled material of the character set forth, including a drum provided with a resilient surface, a second drum providing an opposing surface to the first drum, means for rotating the second drum, and means for feeding particled material between the surfaces of the two drums, the resilient surface of the first drum maintaining particled material against the surface of the second drum to discharge the particled material at a velocity sufficient to compact the particles of said material against a surface at a distance from the machine.

13. The machine of claim 6 in which the resilient surface of at least one of the rotary drums is ridged to provide a series of closely spaced grooves.

14. The machine of claim 7 in which the resilient surface of at least one of the two drums is ridged to provide a series of closely spaced grooves.”

Clearly, these claims precisely described the "Brend" machine as shown in the prior Brend patent No. 2,380,499 (Defendant's Exhibit "B", R. 279), when the same is fitted with ridged rubber brushes or rollers in lieu of the bristle brushes.

The Findings of Fact of the trial Court above quoted, all supported by substantial evidence, are clearly to the effect—

(1) That Earnshaw was not the first inventor or the originator of the use of rubber covered rollers for wire brushes in the "Brend" machine, but that this was originated and actually used by Lock Joint Pipe Company early in 1946, almost two years prior to the filing of the application for patent No. 2,639,943, which was April 30, 1948. So even if the substitution of rubber brushes for wire brushes can, by any stretch of the imagination, be called patentable invention, this prior knowledge on behalf of Lock Joint Pipe Company and American and the prior public use by Lock Joint Pipe Company more than one year prior to the filing date of the Earnshaw patent No. 2,639,943, render the claims above identified invalid.

Title 35, Section 102 U.S.C.

"Conditions for patentability; novelty and loss of right to patent.

A person shall be entitled to a patent unless—

(a) *the invention was known or used by others in this country*, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or".
(Emphasis ours.)

Curtis Companies, Inc. v. Master Metal Strip Service, Inc., 125 F. 2d 690 (C.A. 7, 1942).

“A valid patent cannot issue to an applicant for his alleged invention if it was known or used by others before his invention or discovery, * * *.”

The evidence is conclusive (see Kennison's testimony commencing at R. 173, fully documented) that the ridged rubber brushes for the “Brend” machine were actually made and actually commercially used by Lock Joint Pipe Company early in the year 1946, and there is no evidence to the effect that Earnshaw conceived the idea of ridged rubber covered brushes prior to the filing date of his application for patent No. 2,639,943, which was April 30, 1948, almost two years later. Consequently, the claims above set forth of patent No. 2,639,943 are invalid under the law.

(2) That the Court in its Finding of Fact No. 12 (R. 63) found that the substitution of rubber brushes for bristle brushes in the “Brend” machine did not originate with Earnshaw but originated with Lock Joint Pipe Company. This finding, of course, is supported by the evidence above set out and, consequently, these claims directed to that supposed invention are invalid on the grounds that Earnshaw was not the first inventor of the subject matter of those claims. See 35 U.S.C. 102, from which we quote subdivision (g):

“(g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. * * * ”

There is no evidence that Lock Joint Pipe Company suppressed the use of rubber brushes in lieu of wire

brushes in the "Brend" machine, but to the contrary informed American about it and American proceeded to publicly use it.

(3) That the short step of substituting rubber brushes for wire bristle brushes in the old "Brend" machine did not arise to the dignity of patentable invention. The evidence is undisputed that the only advantage, if there was one, in the use of rubber brushes over the use of wire brushes was that the rubber material had a greater abrasive resistant quality than the wire bristles, and hence may wear longer. This does not arise to the dignity of patentable invention where there is no change in the mode of operation of the machine and no change in the result produced and a complete absence of any new and unexpected result.

The testimony on this point by Mr. Butler at R. 164 is uncontradicted and is the only evidence on the point. It has long been held that the mere substitution of one material for another without any new or unexpected results does not arise to the dignity of patentable invention.

This Court in regard to a similar situation held that such a minor advance did not constitute invention. (*Oliver-Sherwood Co., et al. v. Patterson-Ballagh Corporation, et al.*, 95 F. 2d 70, at 80.) That case also presented the question of the use of the well-known characteristics of rubber as does the case at bar. This Court stated the following:

"The use of the elasticity of rubber to grip the pipe and to pass it over the coupling does not arise to the dignity of invention. This view we think is supported by decision of the Supreme Court in the

rubber pencil eraser case. It was there held that the use of the known characteristics of elastic rubber to pass the eraser over and to grip the end of the lead pencil and thus to secure the rubber eraser in place did not involve inventive genius. *Rubber Tip Pencil Co. v. Howard*, 20 Wall. 498, 87 U.S. 498, 22 L. Ed. 410."

Also on the question of whether or not such a trivial advance amounts to invention, this Court in the case of *Keszthelyi v. Doheny Stone Drill Co., et al.*, 59 F. 2d 3, at 8, discussed with approval its decision in the case of *Klein v. City of Seattle*, 77 F. 200, 204, and quoted the following from the latter case:

"A mere difference or change in the mechanical construction in the size or form of the thing used, in order to obviate known defects existing in the previous devices, although such changes are highly advantageous, and far better and more efficacious and convenient, does not make the improved device patentable. In order to be patentable, it must embody some new idea or principle not before known. It must, as before stated, be a discovery, as distinguished from mere mechanical skill or knowledge. *Atlantic Works v. Brady*, 107 U.S. 192, 200, 2 S. Ct. 225 (27 L. Ed. 438); *Hollister v. Benedict*, 113 U.S. 59, 5 S. Ct. 717 (28 L. Ed. 901); *Thompson v. Boisselier*, 114 U.S. 2, 11, 5 S. Ct. 1042 (29 L. Ed. 76); *Busell Trimmer Co. v. Stevens*, 137 U.S. 423, 433, 11 S. Ct. 150 (34 L. Ed. 719); *Andrews v. Thum*, 15 C.C.A. 67, 67 F. 911."

The prior art is replete with evidence of the use of rubber covered counter-rotating elements where rubber is employed because of its known characteristic of being

highly resistant to abrasion. See the prior art patents on devices somewhat analogous to the "Brend" machine in the record commencing at page 363, and note particularly the disclosure of the Barker patent at R. 373 where two counter-rotating rollers are used employing rubber outer peripheries because of its abrasive resistant qualities, and also the Colburn patent (R. 385) employing a ribbed rotating element made of rubber because of the abrasive resistant characteristic of that material.

In line with this Court's recent decisions on the question of invention, this slight step forward in the art, even if it had been originated by Earnshaw, did not arise to the dignity of patentable invention. The recent cases we refer to are as follows:

Welch v. Grindle, C.A. 9 No. 15,540 (unreported);

Container Corporation of America v. M.C.S. Corporation, C.A. 9 No. 15,433 (unreported);

Harry X. Bergman, et al. v. Aluminum Lock Shingle Corporation of America, C.A. 9 No. 15,589 (unreported);

Bernard H. Stauffer v. Slenderella Systems of California, Inc., C.A. 9 No. 15,418 (unreported).

We, therefore, urge that the District Court erred in refusing to declare claims 6, 7, 13 and 14 of Earnshaw's patent No. 2,639,943 invalid and concluding that American did not sustain the burden of proving invalidity.

4. COURTS OF APPEAL ALWAYS HAVE THE POWER TO CORRECT OR REFORM A JUDGMENT.

In this appeal we are asking this Court for a reformation of the Judgment in the Court below to include a declaration that American has committed no acts of infringement of the three Earnshaw patents Nos. 2,639,942, 2,639,943 and 2,681,725, and that the "Brend" machine equipped with rubber brushes in lieu of wire bristle brushes does not come within the scope of any of the claims of those three patents.

We also are asking the Court to reform the Judgment by including a declaration that claims 6, 7, 13 and 14 of patent No. 2,639,943 are invalid in law. This Court has the power to order such reformation under the doctrines announced in the following cases:

Altwater, et al. v. Freeman, et al. (1943), 63 S. Ct. 1115, 319 U.S. 359, 87 L. Ed. 1452;

Mercoird Corporation v. Mid-Continent Inv. Co. (1943), 64 S. Ct. 268, 320 U.S. 661, 88 L. Ed. 376;

Electrical Fittings Corporation, et al. v. Thomas & Betts Co., et al. (1939), 59 S. Ct. 860, 307 U.S. 241, 83 L. Ed. 1268;

Montgomery Ward & Co. v. Duncan (1940), 61 S. Ct. 189, 311 U.S. 243, 85 L. Ed. 147.

The questions of infringement or non-infringement and validity or invalidity of these patents are not moot. The actual controversy still exists between the parties as to those questions and the possibility, and in fact probability, of further litigation on the same set of facts can be avoided by such reformation. Also, the Court should consider the public interest in not having an invalid

patent outstanding as a means to extort tribute from industry. The question of the interest of the public on this point is discussed in the following cases:

United Carbon Co. v. Binney & Smith Co. (1942),
63 S. Ct. 165, 317 U.S. 228;

Hill, et al. v. Wooster (1890), 10 S. Ct. 228, 132
U.S. 693, 698;

Densmore v. Scofield (1880), 102 U.S. 375, 378;

Exhibit Supply Co. v. Ace Patents Corporation
(1942), 62 S. Ct. 513, 315 U.S. 126, 127;

Trott, et al. v. Cullen, et al. (C.A. 10, 1936), 86 F.
2d 141, 146.

CONCLUSION.

We urge this Court that we have clearly shown the error of the District Court in refusing to find, conclude or adjudge that American committed no acts of infringement of the Earnshaw patents Nos. 2,639,942, 2,639,943 and 2,681,725.

We also urge this Court that the District Court committed error in concluding that American failed to sustain the burden of proving invalidity of claims 6, 7, 13 and 14 of patent No. 2,639,943, and that the District Court erred in not adjudging such claims of said patent to be invalid.

We respectfully pray that the Court reform the Judgment to include a declaration that American committed no acts of infringement of Earnshaw's patents Nos. 2,639,942, 2,639,943 and 2,681,725; that the "Brend" machine equipped with rubber brushes in lieu of wire brushes did not come within the scope of any of the

claims of those three patents; and that claims 6, 7, 13 and 14 of patent No. 2,639,943 are invalid.

Respectfully submitted,

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(Appendix Follows.)

Appendix.

Appendix

Appellant's Exhibits:

<u>Exhibit Number</u>	<u>Identified</u>	<u>Offered</u>	<u>Received</u>	<u>Rejected</u>
A	104	200	200	
B	107	107	107	
C	119	119	120	
D	120	120	120	
E	121	121	121	
F	121	121	121	
G	121	121	121	
H	132	132	132	
I	140	140	140	
J	141	141	141	
K	168	169	169	
L	169	169	169	
M	171	172	172	
N	173	173	173	
O	177	178	178	
P	177	178	178	
Q	177	178	178	
R	179	179	180	
S	181	181	181	
T	182	182	182	
U	182	182	182	
V	183	183	183	
W	184	185	185	
X	184	185	185	
Y	185	186	186	
Z	187	187	187	
AA	187	187	187	
AB	188	189	189	
AC	189	189	189	
AD	189	189	189	

Appellant's Exhibits:

Exhibit Number	Identified	Offered	Received	Rejected
AE	194	194	194	
AF	197-198	198	198	
AG	203	203	203	
AH	210	211	211	
AI	211	211	211	
AJ	211	211	211	
AK	211-213	213	213	

Appellee's Exhibits:

Exhibit Number	Identified	Offered	Received	Rejected
1	77	77	77	
2	78	78	78	
3	78	78	78	
4	78	78	78	
5	79	80	80	
6	80	80	80	
7	80	81	81	
8	83	84	84	
9	83	85	85	
10	87	88	88	
11	87	195	195	
12	87	90	90	
13	90	91	91	
14	126	126	126	
15	132	133	133	
16	133	134	134	

